

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 2000-540
PIKEVILLE, KENTUCKY)

O R D E R

The Commission, on its own motion, HEREBY ORDERS that:

1. Any party to whom a hearing or post-hearing request for information was made shall respond to such request within 14 days of the date of this Order.
2. On or before June 15, 2001, the parties shall file with the Commission an original and 5 copies of their written briefs in this matter.
3. In their written briefs, the parties shall address the following issues:
 - When establishing the rates that a municipal utility may assess a public utility for wholesale water service, should the Commission use a “utility approach” or “utility basis” in lieu of the “cash-needs approach” to determine the municipal utility’s revenue requirements?
 - If the Commission determines that the use of a “utility approach” or “utility basis” is appropriate to establish the municipal utility’s revenue requirements, what factors should the Commission consider in establishing the appropriate rate of return for the municipal utility?
 - How should the Commission allocate costs between utility functions in those instances where the regulated entity has contracted with a third party for the performance of virtually all utility functions and no accounting of actual costs for the performance of such functions is available to the regulated entity or the Commission?

Done at Frankfort, Kentucky, this 14th day of May, 2001.

By the Commission

ATTEST:


Executive Director